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AGNIESZKA HELENA KAZIMIERCZUK

Overview of Development Policies in the Netherlands (2010-2015) in the Context of Private Sector Development

**(Przegląd holenderskich ustaw o współpracy rozwojowej (2010-2015)
w kontekście rozwoju sektora prywatnego) ***

Abstract: This paper reviews the Dutch development cooperation policies for the years 2010-2015 with a particular attention to the private sector development (PSD). Historical perspective is also added to this review. Dutch government has been strongly supporting policies and initiatives stimulating PSD in the Netherlands and in developing countries. The long history of the Dutch development cooperation can serve as a valuable lesson for other countries.

Abstrakt: Artykuł koncentruje się na holenderskiej polityce rozwojowej w latach 2010-2015, omawiając problem z perspektywy rozwoju sektora prywatnego. Dokonano również krótkiego rysu historycznego tejże polityki. Holenderski rząd od zawsze wspierał politykę i inicjatywy stymulujące rozwój sektora prywatnego w Holandii oraz w krajach rozwijających się. Długa historia holenderskiej współpracy na rzecz rozwoju może stanowić cenną lekcję dla innych krajów.

Keywords: *development cooperation policies, the Netherlands, private sector development, international development, international cooperation*

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This paper reviews the Dutch development cooperation policies for the years 2010-2015 with particular attention to private sector development (PSD). It also gives a brief historical overview of the Dutch development cooperation since 1949.

Ever since the World War II has finished, the Netherlands has been an active supporter of international development aid. It was among the first countries to join the United Nation's (UN) Expanded Programme for Technical Assistance (EPTA) in 1949 and since 1957, it has been a signatory to all the European Union's (EU) treaties on development cooperation. By channelling funds through the UN, EU and other multilateral donors, the Netherlands could reinforce the impact of their development assistance on the major global challenges. At the same time, in line with the Maastricht Treaty, the Netherlands position was that a part of the development cooperation must be kept on a national level and be directly linked to its own foreign, economic and security policy¹.

Through the years the priorities, target countries and budget of Dutch development cooperation differed, yet the Dutch (political and economic) self-interest and idealistic motives to fight poverty in the 'Global South' remained the most dominant motivations behind aid². Dutch government's presumption was that poverty reduction and social inclusion are linked to economic development via improved job creation and productive employment³. It has therefore continuously supported policies and initiatives stimulating private sector and economic development in developing countries.

The long history and the economic aspects of the Dutch development cooperation can serve as a lesson for other countries, like Poland, which are either adjusting or only now gradually engaging in development cooperation.

Historical overview of Dutch development policies on private sector development

1949-2009

Dutch development cooperation started in response to Truman's "Four point programme" announced in 1949. Until 1965, the Dutch Overseas Development Assistance (ODA) was delivered predominantly in the form of technical assistance to a small number of colonies and former colonies⁴ and was channelled through multilateral mechanisms⁵, such as the one offered by the United Nations (UN)⁶. Decolonisation, especially the loss of Indonesia in 1949 and New Guinea in

1 IOB, *The Netherlands and the European Development Fund - Principles and practices Evaluation of Dutch involvement in EU development cooperation (1998-2012)*, The Hague 2013.

2 P. Van Lieshout, R. Went, and M. Kremer, *Less Pretension, More Ambition. Development Policy in Times of Globalization*, WRR (ed.), Amsterdam 2010; M. Smits, "Main Topics of Dutch Development Policy, 1949-1989", in: *Diplomacy and Development. Proceedings of the 10th International Congress of Editors of Diplomatic Documents*, M. Dierikx (ed.), The Hague 2010; J. Breman, "Review Essay: A Change for the Better? Dutch Development Aid in Good Times and Bad Times", *Development and Change* 2011, vol 42 no 3, p. 833-48.

3 A. Szirmai, M. Gebreyesus, F. Guadagno, and B. Verspagen, "Promoting Productive and Sustainable Employment: Elaborating a Knowledge and Research Agenda", in: *Prepared for the Meeting of the Knowledge Platform Development Policies Accra, Ghana*, 3-5 April, 2013, 29, Maastricht 2013.

4 Most of the Dutch aid donated in the first ten years went to Indonesia, Surinam, the Netherlands Antilles and New Guinea (I. Brinkman and A. Hoek, Bricks, *Mortar and Capacity Building. A Socio-Cultural History of SNV Netherlands Development Organisation* Leiden 2010; A. Nekkers and P.A.M. Malcontent, "Introduction. 'Do Something and Don't Look Back'", in: *Fifty Years of Dutch Development Cooperation 1949-1999*, A. Nekkers and P.A.M. Malcontent (ed.), The Hague 2000).

5 Multilateral aid was preferred at that time as the Netherlands had insufficient means to provide bilateral aid at a larger scale (P. Hoebink, and L. Schulpen, *Netherlands Aid Policies For Poverty Reduction*, London 1998).

6 OECD, DAC Peer Review of the Netherlands, Paris 2001.

1962, as well as the “de-Dutchification”⁷ of Indonesia between 1954 and 1958, played a very important role in expansion of the Dutch development cooperation⁸. The years 1949 to 1962 were therefore the transition period between colonial government and the formulation of a new Dutch development policy where self-interest and job creation for Dutch experts and businesses were major motives for engaging in development assistance.

The 1960s was a decade of a rapid acceleration of development cooperation. The decolonisation processes were spreading across Africa whereas the UN announced the First UN Development Decade. Europe was rebuilt with support of the Marshall Plan. In the Netherlands in 1965, Theo Bot⁹ became the first Minister for Development Cooperation (DC). The Minister was embedded within the Ministry of Foreign Affairs (MFA). The Netherlands also started to provide aid through bilateral channels. The government established a number of institutions¹⁰ to encourage domestic businesses to invest in developing countries and consequently generate new capital, employment (predominantly in the Netherlands) and increase transfer of knowledge¹¹. Also in the 1960s, the national co-financing programme¹² for development assistance started. The development policies were dominated by Dutch self-interest and the private sector was gradually discovering the potential in starting operations in developing countries and using the financial incentive provided by the government.

Minister for DC Jan Pronk (1973-1977) brought a number of changes but also new solutions for Dutch development assistance in the 1970s. He introduced a more ideological vision of development cooperation with a greater focus on poverty reduction and civil society channels (NGOs). This at first led to some tension between the government and the private sector. However, Pronk quickly realised that the dialogue with the private sector must be sustained and businesses should remain a recipient of development aid funds. The Minister envisioned a twofold task for the private sector in development cooperation: to carry out aid projects set up by the government and international organisations; and to become a partner in the industrialisation processes of developing countries. Consequently, the Netherlands provided substantial assistance to the Dutch private sector to work (mostly) in the field of infrastructure and material supplies. The companies were encouraged to work in the peripheries: constructing new key roads, engage in rural and agricultural

7 Nationalisation of all Dutch businesses operating in the country which led to the investments loss of an estimated value of ~5billion guilders (€1 would be 2.20371 NLG). (A.J. Dietz, “The Redevelopment of Dutch imperialism with regard to Indonesia since 1965”, *Research in Political Economy* 1979, no 2, p. 141-186; A. Nekkers and P.A.M. Malcontent, “Introduction...”, *op.cit.*).

8 It provided an excellent source of employment for the many tropical experts who risked losing their jobs as a result of decolonisation (A. Nekkers and P.A.M. Malcontent, “Introduction...”, *op.cit.*).

9 See Annex 1 for the summary of the Dutch development cooperation's history.

10 Such as the National Advisory Council for Aid to Less Developed Countries (NAR) in 1964; the Netherlands Development Financing Company (FMO) in 1970 and the Centre for the Promotion of Imports from Developing Countries (CBI) in 1971 and Developing Countries Committee (COL). NAR was a broad-based body chaired by Prof. Jan Tinbergen with 63 members representing business, banking, agriculture, academics, and cultural sectors. Their role was to advice the Minister for DC either on request or on its own initiative (A. Nekkers and P.A.M. Malcontent, “Introduction...”, *op.cit.*). FMO was a tripartite public-private partnership, with the private sector represented by employers' associations and trade unions. The aim of FMO was and remains: promoting the interest of the private sector in developing countries (F.A.J. Baneke, and C. Jepma, “Dutch Interest and Development Interest”, in: *Fifty Years of Dutch Development Cooperation 1949-1999*, A. Nekkers and P.A.M. Malcontent (ed.), The Hague 2000, p. 262). COL was the employers' organisation body established to facilitate their contacts between the private sector and the MFA, and institutions such as NAR, FMO and CBI.

11 J. Van Beurden, and JB Gewald, *From Output to Outcome? 25 Years of IOB Evaluations*, Amsterdam 2004; M. Postrach, “The Institutional Structure Of The Dutch Development Co-Operation With The Developing Countries”, *Zeszyty Studiów Doktoranckich/Akademia Ekonomiczna w Poznaniu*, 2009, vol 50, p. 27-46.

12 *Financing Dutch Non-Governmental (NGOs) Organisations*. G. Spitz, R. Muskens, and E. Van Ewijk, The Dutch and Development Cooperation, Amsterdam 2013.

development and water management¹³. It led to a greater involvement of the Dutch private sector in developing countries and built up their substantial expertise on rural development and peripheral water management.

Following Pronk's years in the office, Dutch development policies shifted back towards a national self-interest employment creation (mostly in the Netherlands but also in the recipient country), effectiveness and sustainability of development projects became the key criterion for obtaining governmental funding in the 1980s. The private sector was consulted on a regular basis and new PSD instruments were introduced to meet their expectations. The Ministry assumed that poverty could only be alleviated when the economy of the country is stimulated. The 'problem' with the Dutch self-interest in that period was that it pushed mainly for Dutch investments and operations in the recipient country while neglecting the local needs.

During Pronk's second term in office (1990-1998), more emphasis was given to employment creation in developing countries (via the Development-related Export Transactions programme [ORET] and the Emerging Markets Cooperation Programme [PSOM]). Officially, Dutch self-interest and the role of the private sector in development assistance diminished, yet Pronk acknowledged that employment creation couldn't be promoted without encouraging private sector initiatives. Faced with a number of violent conflicts that spread through the world in the early 1990s, issues of security gained prominence. Another important step was a large-scale reorganisation of the Ministry of Foreign Affairs and increased competences of Dutch embassies.

The first decade of the new millennium brought back increased focus on the private sector and trade to the Dutch political scene, with the dominant national self-interest trend in development cooperation. More attention, however, was given to job creation in developing countries itself. Some programmes, like PSI (transformed PSOM) or Trade Union Co-financing, contributed to job creation and promotion of labour rights in a recipient country. Dutch companies active in developing countries were increasingly forced by government funding instruments to act and behave responsibly by adhering to international Corporate Social Responsibility (CSR) standards¹⁴.

2010-2015

In 2010, the Dutch Scientific Council for Government Policies (WRR) published its influential report "Less Pretension, More Ambition: Development aid that makes a difference"¹⁵. The Council concluded that the Dutch development cooperation should become more ambitious and more development-oriented, as well as it should sharpen its focus on a number of global problems. The report was a plea for a fundamental change in the course of the Dutch development cooperation, away from poverty reduction as its main objective and towards prioritisation of economic growth. Funds for health care, education and NGOs should be cut down together with the number of partner countries. Instead, the Dutch expertise and interest should be further promoted¹⁶. The report was

13 See an example of Kenya (A.J. Dietz and J. Koninx, "Regionale Ongelijkheid in Kenia en de locatie van de Nederlandse Ontwikkelingsprojecten", Universiteit van Amsterdam Instituut voor Sociale Geografie 1984, Publicatie no 5, Amsterdam).

14 Despite a great progress in that matter, many big Multinational Corporations (MNCs) have been criticised by engaging in tax avoidance behaviours in developing countries by using the Netherlands as a tax heaven. Such possibilities substantially affected the credibility of the Netherlands as a major international donor and the effectiveness of the Policy Coherence for Development initiative.

15 P. Van Lieshout, R.Went, and M. Kremer, *Less Pretension, More Ambition...*, op.cit.

16 OECD, *The Netherlands. Development Assistance Committee (DAC) Peer Review*, Paris 2011; J. Breman "Review Essay...", op.cit.; G. Spitz, R. Muskens, and E. Van Ewijk, *The Dutch and...*, op.cit.; P. Hoebink, "Between Pretensions and Ambitions: A Comment the Report of the Scientific Council for Government Policy", in: *The Netherlands Yearbook on International Cooperation* 2009, P. Hoebink (ed.), Assen 2009; P. van Lieshout, R.Went, and M. Kremer, *Less Pretension, More Ambition...*, op.cit.

‘fiercely’ debated in academic and professional circles¹⁷ but it was well received in the political arena¹⁸.

Ben Knapen - who became the State Secretary for DC in 2010 - partly implemented the WRR’s recommendations during his term. The major changes included a shift in focus from social to economic development, stronger alignment of Dutch development priorities with Dutch expertise and self-interest, and a cut of the development budget from 0.8% to 0.7% of national income. Poverty reduction remained high on the agenda but it should be alleviated through four priority areas which were: security and the legal order, food security, water and sexual and reproductive health and rights (SRHR). Another change was a reduction of partner countries from 33 to 15. Consequently, multilateral channels gained prominence as a more important supplement to bilateral policy. The reduction of partner countries and budget led to closure of several embassies. Sub-Saharan Africa has been given a higher profile within the new policies where ten out of fifteen partner countries were from this region. The State Secretary also phased out support to the social sector (mainly education and health), focusing instead on the private sector - the so-called ‘top sectors approach’. Development aid was yet again seen through a private sector lens¹⁹.

The government itself underwent organisational changes in a context of further strengthening of policy coherence, reforms and administrative cuts. Within the MFA itself, one of the major changes was made to the leadership of Development Cooperation. The ministry had no longer a cabinet level minister entirely focused on development. The development portfolio was held by a non-cabinet level Minister (called State Secretary) also responsible for European affairs²⁰. Another reorganisation took place in 2012 when a post of Minister for Development Cooperation and Foreign Trade was created parallel to the post of the Minister of Foreign Affairs.

The ministry decentralised its staff and further delegated a significant part of its authority to its embassies. These had full responsibility for their programmes which account for around one-third of the Netherlands’ bilateral aid. The embassies were working on themes, such as diplomacy, development and other types of cooperation. Embassy teams had the authority to agree on financial disbursements to partners based on strategic four-year plans (the MASPs) and annual plans agreed with the HQ. Although such decentralisation has been applauded for its flexibility and responsiveness, the links and internal communication with the HQ were advised to be strengthened²¹.

The reforms and cuts were continuing with the new (and current) administration. Lilianne Ploumen took the office in 2012 as the Minister for Development Cooperation and Foreign Trade. She firstly introduced severe cuts in the development budget from 0.7% to 0.59% of the national income (first time in the history Dutch ODA fell below the internationally agreed 0.7% threshold). The creation of the joint post for development cooperation and foreign trade confirmed the importance of cohesion between these two policy areas. The Dutch Government acknowledged that its influence on the

17 See i.e. A.J. Dietz, “Ton Dietz: We need a serious debate about serious issues, not hit-and-run one-liners; nor from our Southern colleagues”, *The Broker*, 2010, seen: <http://www.thebrokeronline.eu/en/Blogs/Minder-pretentie-meer-ambitie/Minder-pretentie-meer-ambitie/Ton-Dietz-We-need-a-serious-debate-about-serious-issues-not-hit-and-run-one-liners-nor-from-our-Southern-colleagues> on 31.07.2015; Worldconnectors, “Worldconnectors and the WRR report”, seen: <http://www.worldconnectors.nl/en/worldconnectors-and-the-wrr-report/> on 31.07.2015.

18 MFA, *ToR Impact of Ending Support*, The Hague 2015.

19 MFA, *Letter to the House of Representatives Outlining Development Cooperation Policy*, The Hague 2010; MFA, *Letter to the House of Representatives Presenting the Spearheads of Development Cooperation Policy*, The Hague 2011; G. Spitz, R. Muskens, and E. Van Ewijk, *The Dutch and...*, op.cit.; OECD, *The Netherlands. Development Assistance...*, op.cit.

20 Ben Knapen continued to be in charge of portfolios of Development Assistance and European issues, and had to dedicate a lot of his time to the latter.

21 *Ibidem*.

world stage is decreasing due to the emergence of new global actors (such as China, India and Brazil). Its relations with low- and middle-income countries are on a more equal footing now as they increasingly become the trading partners (in addition of being recipients of aid). This and perceived decrease in world poverty has necessitated a call for a new aid, trade and investment agenda²². Some scholars, however, criticised such move, claiming that the new Minister became an instrument of the Ministry of Economic Affairs within MFA structures and her role would be to promote Dutch export and protect Dutch private sector in developing countries - a combination which may be 'toxic'²³ and overrule other development objectives. Regardless, the Netherlands has been increasingly seeing its role as an investor rather than a donor. Therefore, the development programme continued investing public funds with the aim of leveraging private investments²⁴.

According to Ploumen's key policy framework entitled "A World to Gain", the Minister put Dutch self-interest and the combination of trade and development cooperation at the core of national development cooperation policy. The role of trade and Dutch companies was to act as a main catalyst of enhanced production and employment (both in the Netherlands and in partner countries). The main themes of Dutch development cooperation policy aligned with the value added that the Netherlands can provide with its expertise and experience are: 1. security and the rule of law; 2. water management; 3. food security; and 4. sexual and reproductive health and rights. In each of these four themes, issues such as poverty reduction, gender equality, the environment and climate, and inclusive growth²⁵ are playing an important role. The Netherlands also highlighted the importance of International Public Goods²⁶ (IPGs) and greater regional approach²⁷.

What matters the most to Dutch development cooperation policy is to add value by combining aid and trade. The intention was not to substitute aid for trade or vice versa but, depending on development relationships with a given country, to choose the most optimal combination of both. For that reason, the Netherlands maintained three types of relationship with partner and focus countries: 1. aid relationships ('fragile states' affected by war, weak governance, and major ethnic and political tensions); 2. transitional relationships (low- and middle-income countries with the aim to reduce poverty and boost economic growth); 3. trade relationships (established economies with activities that primarily benefit the Dutch economy and employment). Ploumen has also encouraged creation of Public-Private Partnerships (PPPs)²⁸.

As sustainable private sector development has been one of the core businesses of Dutch development policy, the knowledge and skills of the Dutch 'top sectors' must be put to optimal use. Entrepreneurship and optimal procedures are essential for creation of employment opportunities in developing countries. The Netherlands have therefore focused on the following conditions for sustainable business:

22 P. Magnetti, *Comparing Ireland's, Belgium's and The Netherlands' new Development Policies*, Dóchas 2013, seen: <http://www.dochas.ie/publications/comparing-ireland%E2%80%99s-belgium%E2%80%99s-and-netherlands%E2%80%99-new-development-policies> on 15.09.2015.

23 P. Hoebink, "Minister Ploumen, Nieuw Likje Verf Maakt Nog Geen Nieuw Beleid", *De Volkskrant* 2013, seen: <http://www.volkskrant.nl/opinie/-minister-ploumen-nieuw-likje-verf-maakt-nog-geen-nieuw-beleid-a3403635> on 28.07.2015.

24 G. Spitz, R. Muskens, and E. Van Ewijk, *The Dutch and...*, *op.cit.*; OECD, *The Netherlands. Development Assistance...*, *op.cit.*; IOB, *Good Things Come to Those Who Make Them Happen. Return on Aid for Dutch Exports*, The Hague 2014.

25 The economic growth from which the poor also benefit.

26 IPGs are international issues or goods that affect everyone, or goods that should be available to all (such as i.e. clean air).

27 MFA, *A World to Gain. A New Agenda for Aid, Trade and Investment*, The Hague 2013; P. Van Dam, and W. van Dis, "Beyond the Merchant and the Clergyman: Assessing Moral Claims about Development Cooperation", *Third World Quarterly* 2014, vol 35 no. 9.

28 MFA, *A World to Gain...*, *op.cit.*

- increasing access to markets;
- good legislation;
- reliable official bodies and other organisations;
- good infrastructure;
- access to financial services²⁹.

To link trade and development cooperation, Dutch companies and the Dutch embassies in low- and middle-income countries now have an extensive package of instruments at their disposal:

- The Centre for the Promotion of Imports from Developing Countries (CBI) helps entrepreneurs from developing countries to gain access to national, regional and international markets.
- The Netherlands Senior Experts Programme (PUM) ensures transfer of knowledge and expertise to local entrepreneurs through Dutch experts' advice and exchange.
- The Private Infrastructure Development Group (PIDG) and the Infrastructure Development Fund (IDF) develop both public and private infrastructures in low- and middle-income countries.
- The Infrastructure Development Facility (ORIO) was the instrument for infrastructure development. It was replaced in 2015 by the Developmentally Relevant Infrastructure Investment Vehicle (DRIVE).
- The TCX Fund mitigates the risks of doing business internationally, for example by mitigating the exchange rate risk.
- The Health Insurance Fund (HIF) strengthens the insurance sector in low- and middle-income countries.
- The Dutch Good Growth Fund (DGGF) promotes development-related investment in and trade with developing countries among (primarily) small and medium-sized enterprises (SMEs³⁰). Until 2017, the government will invest a total of €700 million in DGGF³¹.
- Support for NGOs through the Dialogue and Dissent³² programme.

²⁹ *Ibidem*.

³⁰ SMEs may also receive loans, which must be paid back. These loans must contribute to employment, increase the strength of local manufacturing and promote knowledge transfer in developing countries and emerging markets.

³¹ RVO.nl, "Dutch Good Growth Fund: Background", The Hague 2013; MFA, *A World to Gain...*, *op.cit.*; *Action Aid, Both Ends, and SOMO, The Dutch Good Growth Fund. Who Profits from Development Cooperation?*, Amsterdam 2013; Y. Rahman, "The Netherlands: Development Aid and New Partnerships", in: OECD Reports, Paris 2014, p. 252-57.

³² A Dialogue and Dissent programme aims to strengthen civil society in low- and middle-income countries. The programme will be carried out by means of strategic partnerships between the organisations selected and the Ministry of Foreign Affairs (MFA, "Ploumen Supports Innovative Partnerships with Development Organisations", seen: <http://www.government.nl/news/2015/01/30/ploumen-supports-innovative-partnerships-with-development-organisations.html> on 12.06.2015).

In addition, the Netherlands is committed to contributing to a post-2015 global development agenda and other multilateral initiatives that are aligned with new Dutch principles. The Dutch government supports low- and middle-income countries in improving their institutions, and law and regulations, such as to build a strong tax administration³³ and simplify registration procedures for companies³⁴.

A strong emphasis was put on Corporate Social Responsibility (CSR) of Dutch companies and CSR became one of the major conditions to participate in any of the funding instruments. One of the issues in the implementation of CSR is a fair tax system. It is also important for the increased policy coherence. The development funds will simply not be released to companies which engage in tax avoidance practices. Minister Ploumen has been collaborating with the Ministry of Finance to review several existing tax treaties with developing countries and assess what impact they have on the tax revenues in developing countries³⁵. Moreover, in 2013, the Netherlands made a step towards increased coherence between tax and development policy. The tax loopholes that allowed multinationals to reduce their tax bills by using Netherlands-based 'letter box' companies were closed. It has been an insufficient yet an important step towards a more fair tax system³⁶.

"A World to Gain" introduced by Ploumen was welcomed with some mixed feelings. On the one hand it did address all pending and timely issues, such as inclusive development, poverty reduction, CSR and public goods. Moreover, adaptation of a regional approach (rather than a national approach) in some developing countries is also considered as a step in the right direction. The document focused mostly on foreign trade, growth of the Dutch economy and Dutch employment. Regarding promotion of private sector development, Ploumen spoke of win-win situations in which the Dutch economic interests and those of developing countries coincide. A number of new actors, such as businesses, banks, NGOs and recipient governments should be involved to create such win-win situations. On the other hand, in its approach and ideas the 'new agenda for action' is not really 'new' but rather perpetuates the policy pursued in recent years. The choice of main themes and partner countries continues in the same vein as her predecessors. All attention to economic development, trade and the active involvement of the business community is also not new, but has been high on the Dutch development agenda since its inception (even when pushed to the peripheries during Pronk's years, it was still there). Ploumen was accused of a lack of concrete visions and profound analysis of underlying causes and scopes of the problems. For example, Ploumen is calling repeatedly for inclusive growth, but without providing a working definition of the concept. Moreover, she calls for increased involvement and collaboration of multiple stakeholders, but does not answer the questions how to do that or whether all these actors have actually the same goals in mind. Even her flagship instrument, DGGF, lacks clarity where the

33 Through for example IMF's technical assistance programmes. (MFA, "Netherlands and IMF Help Poor Countries Collect Tax", seen: <http://www.government.nl/news/2013/06/27/netherlands-and-imf-help-poor-countries-collect-tax.html> on 12.06.2015).

34 MFA, *A World to Gain...*, op.cit.

35 MFA, "Ploumen to Help Developing Countries Collect Taxes", seen: <http://www.government.nl/news/2012/12/17/ploumen-to-help-developing-countries-collect-taxes.html> on 12.06.2015; MFA, "Ploumen: Paying Tax Is Essential to Promoting Development", seen: <http://www.government.nl/news/2014/08/25/ploumen-paying-tax-is-essential-to-promoting-development.html> on 12.06.2015; MFA, *A World to Gain...*, op.cit.; Action Aid, Both Ends, and SOMO, *The Dutch Good Growth Fund...*, op.cit.

36 Despite the effort, it is still relatively easy to overcome the new law in practice. What is therefore still needed is a more holistic national and global tax regulation that would make impossible for the MNCs to avoid paying their share of tax. Accountancy Live, "Dutch Sandwich' Tax Loophole Looks Set to Be Closed." seen: <https://www.accountancylive.com/dutch-sandwich-tax-loophole-looks-set-be-closed> on 12.06.2015; Financial Times, "Great Tax Race: Dutch Focus Reforms on Letterbox Companies." seen: <http://www.ft.com/intl/cms/s/2/5a9f0780-a6bc-11e2-885b-00144feabdc0.html#axzz3creHh2Lr> on 12.06.2015; The Independent, "Dutch to Crack down on Tax Loopholes Exploited by Multinational Firms", seen: <http://www.independent.co.uk/news/business/news/dutch-to-crack-down-on-tax-loopholes-exploited-by-multinational-firms-8569531.html> on 12.06.2015.

money will actually be allocated: to Dutch or Southern SMEs (with the Dutch Minister for Economic Affairs pushing for the former solution). According to critics, the new agenda fails to address the key issues, which is the inequality within countries, and not sufficiently encourages productive investment and job creation in developing countries, while it should stimulate a social dialogue and trade union's activities³⁷.

Conclusions

Dutch development cooperation is more than sixty years old. Since the beginning, Dutch government has strongly supported policies and initiatives stimulating private sector and economic development in the Netherlands and in developing countries. Dutch development cooperation in its aim was supposed to eradicate poverty and promote social inclusion by supporting economic development and creating enabling business environment in recipient countries. The Netherlands also promoted security, good governance, encouraged business partnerships and collaboration as well as PPPs, provided training, infrastructure, support to trade unions and civil society. The main motive behind the Dutch involvement in development cooperation was, however, Dutch self-interest, as better business environment in recipient countries would allow Dutch companies to find new markets for their products and create jobs (predominantly for Dutch experts).

Embassies have been playing increasingly important role in this process. Available instruments, such as ORET, PSI, DGGF required Dutch companies to create employment but only since the last two decades more emphasis was put on employment creation in developing countries. Moreover, the jobs that are created now should be fair and productive and all Dutch companies must adhere to some of the international CSR principles (OECD guidelines, ILO Better Work programme, UN Global Compact and/or other recognised standards). The Dutch expertise within its 'top sectors' is being put to use in developing countries which theoretically should generate a win-win solution for both: the Netherlands and the recipient country. However, a continued lack of a broadly accepted evaluation framework for business' impact on development hampers the assessment of the role of government funding and instruments for private sector development and quality of employment created³⁸.

Faced with decreasing influence of the 'Western world', emerging economies, and increased trading relations with low- and middle-income countries, we are faced with a global need for a new development agenda. There is a general agreement among different stakeholders that development cooperation should support economic opportunities in developing countries, as long as it is done in a responsible way. Theoretically, the history of the Dutch development policy provides a number of interesting solutions how to use a country's knowledge and skills to work in favour of less developed nations in mutually beneficial arrangements. It may provide a valuable inspiration for other countries which are currently developing or adjusting their development policies to fit the on-going changes caused by international trade and increased involvement of the private sector in international development cooperation.

37 F. Bieckmann, "Dutch Development Policy Lacks an Alternative Economic Vision. The Norwegians Do It Better", The Broker 2013, seen: <http://thebrokeronline.eu/en/Articles/Dutch-development-policy-lacks-an-alternative-economic-vision> on 06.07.2015.

38 Recent initiative of The Centre for the Promotion of Imports from Developing Countries (CBI), the Foundation Netherlands Senior Experts (PUM), the Agricultural Economics Research Institute (LEI Wageningen UR) and the Erasmus School of Economics (ESE) - PRIME Research Partnership - aims at developing a joint programme to pioneer impact evaluation methods of interventions of PUM and CBI. (PRIME Research Partnership, seen: <http://www.primepartnership.nl/> on 06.08.2015).

Annex 1. Summary of the Dutch development cooperation's history

Min of Dev.	Highlights
Joseph Luns (Minister of Foreign Affairs)	Development help in the form of technical assistance channelled via UN. The responsibility of the Western world to support less-developed countries.
Isaac Diepenhorst (State Secretary) (1.4.1964-14.4.1965)	Establishing the National Advisory Council for Aid to Less Developed Countries (NAR) (1964).
Theo Bot (14.4.1965-5.4.1967)	A minister without portfolio, without a department, without a budget and fully dependent of the MFA. Emphasising the need to stabilize prices of raw materials and increase opportunities for industrial exports.
Berend-Jan Udink (5.4.1967-6.7.1971)	Encouraging the involvement of the private sector in development cooperation. Introduced term "development cooperation"; implemented bilateral policies of "tied aid" focused on "concentration countries". Development aid as a motor for creating jobs in the Dutch economy. Establishing Development Countries Committee (COL) by Dutch employers organisations. Founding of the Dutch Development Finance Company (FMO) (1970) and the Centre for the Promotion of Imports from Developing Countries (CBI) (1971).
Kees Boertien (6.7-1971-11.5-1973)	Obtained a temporary increase of his powers to represent the Netherlands at the UNCTAD talks in 1972.
Jan Pronk (11.5.1973-19.12.1977)	Allocation of 0.7% of national income to ODA; Policy towards economic development of recipient regions - "debt of honour"; pro-poor focus. Shift from technical assistance to programme and project aid. Encouraging private sector in development cooperation and focus on "concentration countries". Towards New International Economic Order; against "tied aid". Introduce "reconstructing programme" to enhance Dutch companies to move their locations to developing countries.
Jan de Koning (19.12.1977-11.9.1981)	Important role of Dutch firms in development assistance; Started the Netherlands Management Cooperation Programme (PUM) - a programme for which Dutch senior managers were sent to development countries for a year; start of a mixed-credit programme and or Less Concessional Loans (LCLs) aimed at stimulating Dutch export related to development cooperation; fails to encourage private sector to engage in developing countries; "two-track policy": pro-poor and stimulating economic development; reorganisation of DGIS.
Kees van Dijk (11.9.1981-4.11-1982)	Intensified collaboration with the private sector; "more attention to be given between aid and employment"; appointing Private-Sector Coordinator at the ministry.
Eegje Schoo (4.11.1982-14.7.1986)	Development aid as means to pursue Dutch interest => concept of tied aid and attempt to abolish it. Promote sectorial programmes for rural development and industrial development. Dutch policies to stimulate export to developing countries and create employment.
Piet Bukman (14.7.1986-7.11-1989)	Importance of Dutch private sector in development; establishing a government sub-committee. Excellent relations between private and public sector.
Jan Pronk (7.11.1989-3.8.1998)	Critical towards involvement of Dutch private sector in development cooperation; untied aid; Introduction of development cooperation instruments: POPM scheme (guarantees for losses on investments in SMEs in developing countries), the Development-related Export Transactions programme (ORET) (adjusted mixed credit programme); expansion of the PSO programme (cooperation with Eastern Europe) and the Emerging Markets Cooperation Programme (PSOM) (with focus on emerging markets); 'stimulation of investments'; humanitarian aid between conflict and development; new topics emerged: environment, sustainability and human security.

Eveline Herfkens (3.8.1998-22.7.2002)	Reduction of the number of countries which receive aid from the Netherlands; untied aid and CSR promotion in development; closed ORET for projects in Least Developed Countries and replaced it with LDC Infrastructure Fund (MOL Fonds). Co-authored "In business against poverty" - with State Secretary of Economic Affairs - better involvement of the Dutch private sector in development cooperation; "local ownership". Created a policy Coherence for Development Unit within DGIS.
Agnes van Ardenne (State Secretary) (22.7.2002-27.5-.2003)	Discontinuity of the Ministry for DC. The administration lasted for only 86 days.
Agnes van Ardenne (27.5.2003-22.02.2007)	A minister without portfolio. Less emphasis on CSR and more on economic development and PPPs. Funds for PSOM and PUM increased; introduction of the "Dutch Approach: 3D" (defence, diplomacy and development). Co-financing changed into a tendering system.
Bert Koenders (22.2.2007-23.2.2010)	A minister without portfolio. Increased focus on fragile states. Emphasis on SMEs. Renew ORET, PSOM changed into PSI, introduced ORIO, IDH, TCX and MMF. Founding of NL Agency (in Ministry of Economic Affairs). CSR as prerequisite for firms involvement in development project; stimulated PPPs. Focus more on economics and less on social development.
Maxime Verhagen (03.2010-10.2010)	Minister of Foreign Affairs takes briefly over the title of Minister for DC. WRR publishes its influential report with recommendations how to improve Dutch development cooperation entitled 'Less Pretension, More Ambition. Development policy in times of globalization'.
Ben Knapen (State Secretary) (14.10.2010-2.11.2012)	Thematic focus on fewer countries; self-interest and economic-diplomacy; cuts in development budget from 0.8% to 0.7%; introducing 'top sector approach' which prioritises the role of the Dutch private sector in development cooperation.
Lilianne Ploumen (5.11.2012-present)	New appointment for a joint office of the Minister of Development Cooperation and Foreign Trade. Budget cuts to 0.59%; policy coherence; importance of trade and private sector development. Cancel ORIO and replace it with DRIVE. Launch Dutch Good Growth Fund (DGGF). Importance of CSR and fair tax system.

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